CORONATION TOP 20 FUND

Fund Information as at 30 November 2021

CORONATION
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WHAT IS THE FUND'S OBJECTIVE?

Top 20 aims to outperform the equity market over the long term.

WHAT DOES THE FUND INVEST IN?

The fund's managers actively seek out attractively valued shares that could offer strong long-term growth.

The fund would typically hold shares in a maximum of 20 companies selected from all equities listed on the JSE. Its investments will therefore always be concentrated and limited to shares in large companies listed in South Africa.

While investments in foreign markets are specifically excluded, the fund can invest in foreign companies that are listed locally. There are no restrictions on how much exposure the fund can have to different sectors (for example, to mining, financial or industrial companies). The fund will remain fully invested in shares at all times. The fund is mandated to use derivative instruments for efficient portfolio management purposes.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Risk Profile

8/10
Aggressive

Maximum growth/ minimum income exposures

Growth Assets: 100%
Income Assets: 0%

The Top 20 Fund focuses on a limited number of shares we believe are attractively valued and offer superior long-term growth, and avoid those shares that we view as least attractive. Consequently, its investment performance will often look very different from that produced by the overall market.

The fund can only invest in shares that are listed in South Africa. As a result, it cannot provide diversification into other asset classes or geographies. While the fund can invest in smaller companies, it is expected to always have an allocation biased towards larger companies.

Shares can be volatile investments and the risk of capital loss over the short term is high. However, given its focus on investing only in attractively valued shares that could offer long-term growth, the fund may preserve capital better than its benchmark over the long run.

HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The fund is managed to deliver the best possible returns over the long term; an investment horizon of 10 years or more is therefore ideal. It is not suitable as a single investment for investors who need to preserve their capital over five years or less.

WHO SHOULD CONSIDER INVESTING IN THE FUND?

Investors who are building wealth, and who

- are comfortable with full exposure to shares in large companies listed in SA;
- accept that the fund may underperform the market significantly in the short term in pursuit of superior long-term gains;
- are holding Top 20 as one of multiple equity funds in their investment portfolio.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of a minimum of 0.50% and a maximum of 3.00%, depending on the fund's performance, is payable.

If the fund's return (after fees and costs) is equal to that of its benchmark, a fee of 1.00% will be charged. We share in 20% of performance above the benchmark, up to a maximum total annual fee of 3.00%. Performance is measured over a rolling 24-month period.

When the fund return is below the benchmark over a rolling 60-month period the fee is discounted by 0.50%.

All fees exclude VAT. Fund expenses that are incurred in the fund include trading, custody and audit charges. All performance information is disclosed after deducting all fees and other portfolio costs. We do not charge fees to access or withdraw from the fund.

More detail is available on www.coronation.com.

WHO ARE THE FUND MANAGERS?

NEVILLE CHESTER
BCom, CA (SA), CFA

NICHOLAS STEIN
CA (SA), CFA

GENERAL FUND INFORMATION

Launch Date	2 October 2000
Fund Class	A
Benchmark	FTSE/JSE Capped Shareholders Weighted All Share Index (C-SWIX)
Fund Category	South African – Equity – General
Regulation 28	Does not comply
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORTP20
ISIN Code	ZAE000026431
JSE Code	CNTF

CORONATION TOP 20 FUND

CORONATION
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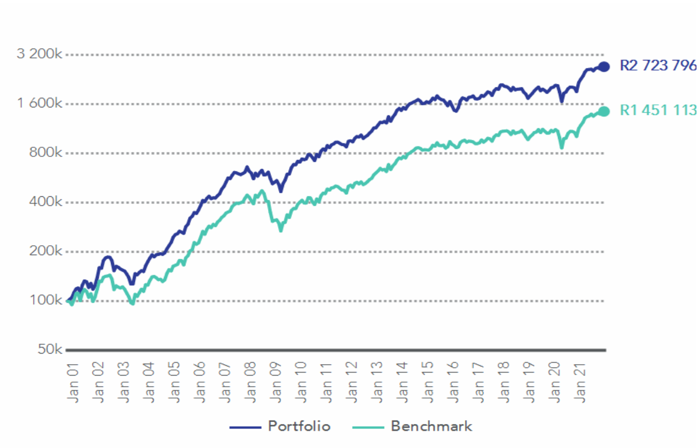
CLASS A as at 30 November 2021

Fund category	South African - Equity - General
Launch date	02 October 2000
Fund size	R23.39 billion
NAV	17017.14 cents
Benchmark/Performance Fee Hurdle	FTSE/JSE Capped Shareholders Weighted All Share Index
Portfolio manager/s	Neville Chester and Nicholas Stein

	1 Year	3 Year
Total Expense Ratio	1.81%	1.08%
Fee for performance in line with benchmark	1.00%	0.99%
Adjusted for out/(under)-performance	0.57%	(0.07)%
Fund expenses	0.01%	0.01%
VAT	0.24%	0.14%
Transaction costs (inc. VAT)	0.29%	0.27%
Total Investment Charge	2.10%	1.35%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	2623.8%	1351.1%	1272.7%
Since Launch (annualised)	16.9%	13.5%	3.4%
Latest 20 years (annualised)	16.0%	13.4%	2.7%
Latest 15 years (annualised)	11.9%	10.3%	1.6%
Latest 10 years (annualised)	11.0%	10.9%	0.0%
Latest 5 years (annualised)	9.5%	9.5%	0.0%
Latest 3 years (annualised)	16.0%	14.2%	1.8%
Latest 1 year	25.1%	27.4%	(2.2)%
Year to date	19.1%	21.4%	(2.2)%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	16.3%	17.3%
Sharpe Ratio	0.56	0.33
Maximum Gain	46.6%	37.4%
Maximum Drawdown	(31.7)%	(43.4)%
Positive Months	61.0%	59.8%

	Fund	Date Range
Highest annual return	68.9%	May 2005 - Apr 2006
Lowest annual return	(31.7%)	May 2002 - Apr 2003

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Nov 2021
Domestic Assets	100.0%
Equities	99.9%
Basic Materials	29.6%
Consumer Goods	4.8%
Health Care	3.1%
Consumer Services	14.7%
Financials	31.2%
Technology	10.7%
Consumer Staples	3.6%
Energy	2.3%
Cash	0.1%

TOP 10 HOLDINGS

As at 30 Sep 2021	% of Fund
Anglo American Plc	10.1%
Prosus Nv	9.7%
Nedbank Ltd	8.9%
Glencore Xstrata Plc	8.7%
Standard Bank Of SA Ltd	7.5%
Momentum Metropolitan Holdings	5.7%
British American Tobacco Plc	4.6%
Quilter Plc	4.5%
Sanlam Life Assurance Limited	4.4%
Naspers Ltd	4.1%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2021	01 Oct 2021	383.71	383.15	0.57
31 Mar 2021	01 Apr 2021	14.42	14.41	0.01
30 Sep 2020	01 Oct 2020	192.26	191.91	0.35
31 Mar 2020	01 Apr 2020	165.16	164.91	0.25

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2021	4.5%	5.8%	3.5%	0.3%	0.4%	(2.3)%	3.5%	1.1%	(1.5)%	4.7%	(1.8)%		**19.1%**
Fund 2020	(0.4)%	(8.8)%	(12.4)%	12.4%	1.8%	4.8%	2.4%	(0.3)%	(0.7)%	(5.3)%	13.5%	5.0%	**9.0%**
Fund 2019	3.2%	3.5%	3.1%	2.6%	(5.1)%	2.3%	(2.0)%	(2.6)%	2.8%	3.9%	0.8%	2.8%	**15.8%**
Fund 2018	(0.3)%	(2.1)%	(3.4)%	4.8%	(3.4)%	0.9%	0.2%	0.6%	(4.8)%	(2.8)%	(5.7)%	3.8%	**(12.2)%**
Fund 2017	4.2%	(1.5)%	3.0%	3.6%	(1.1)%	(3.9)%	6.8%	3.2%	(1.1)%	6.3%	0.1%	(2.1)%	**18.1%**
Fund 2016	(1.4)%	4.8%	10.3%	4.3%	(1.0)%	(2.3)%	4.2%	0.3%	1.8%	(4.0)%	(0.3)%	1.0%	**18.3%**
Fund 2015	2.7%	4.2%	(2.2)%	5.5%	(3.4)%	(1.8)%	(0.6)%	(3.7)%	(4.2)%	6.1%	(5.6)%	(6.2)%	**(9.8)%**
Fund 2014	(2.4)%	4.6%	3.0%	1.3%	1.6%	1.3%	2.1%	(2.2)%	(3.7)%	0.6%	2.3%	(1.6)%	**6.8%**
Fund 2013	3.9%	(0.6)%	1.6%	(2.1)%	9.4%	(6.4)%	6.1%	4.0%	6.0%	2.7%	(2.8)%	4.2%	**27.9%**
Fund 2012	5.3%	2.5%	(0.6)%	2.8%	(4.7)%	2.4%	2.0%	3.4%	2.7%	4.6%	0.1%	4.1%	**26.9%**

Issue date: 2021/12/09

Please refer to page 4 of the Comprehensive Fact Sheet for important additional infomation, including change in cost disclosures.

Please note that the commentary is for the retail class of the Fund.

The Fund returned 3.0% for the quarter and 30.7% for the last 12 months. The long-term performance of the Fund remains pleasing, with alpha since inception of 3.5%.

The commodity space experienced very divergent fortunes over the last quarter. Energy prices (particularly coal) rose sharply, while iron ore and PGMs came under pressure.

While we have been bullish on thermal coal, the price spike from $80/t at the start of the year to over $200/t at the time of writing took us by surprise. We have written before about the underinvestment in thermal coal supply and the potential this creates for robust prices. Added to this, we have seen a warm Northern Hemisphere summer, Chinese bans on Australian coal imports, lower Russian gas supply into Europe, lower EU renewable power production and SA coal export issues all contributing to the current price. Our holdings in Glencore and Exxaro were beneficiaries of this price increase over the quarter.

Iron ore prices came under pressure as Chinese authorities sought to cap domestic steel production. Prices fell from over $200/t towards the $100/t level. This coincided with a slowing Chinese economy, particularly in property demand in the wake of property developer Evergrande's debt issues.

The continued global semi-conductor shortage has dramatically impacted automotive production and, with it, PGM demand. An estimated 11 million cars have not been produced this year because of these shutdowns, 13% of production estimates at the beginning of the year. Spot PGM demand has declined materially, and, combined with Amplats releasing their refined inventory, we have seen the industry revenue basket decline by 38% since the peak in April. We expect PGM markets to reenter into deficits next year as the chip shortage is resolved and automotive production ramps back up.

We assumed prices would be materially lower than the spot prices in our forecasts and thus get attractive upside in the equities in all three commodities. In the earlier part of the quarter, we rotated some of our PGM holdings into the diversified miners. We also added to our gold position in AngloGold.

On the global front, the news was dominated by multiple regulatory announcements from the Chinese authorities. Chinese authorities are seeking to introduce or tighten regulations spanning anti-trust, data privacy, online platforms, gig work protections, among others. Authorities are also focusing on practices in the housing, education and healthcare sectors. In most cases, mooted regulations are reasonable and in line with what developed markets want to implement. The uncertainty caused by the various regulations and some regulations that lack clarity (for example, Chinese authorities want Chinese enterprises to embrace "common prosperity") saw investors sell many Chinese stocks lower. This includes Naspers/Prosus, which closed the quarter down 17%/15% respectively. Our view is that the Chinese government still embraces local tech champions like Tencent. The regulations will also result in winners and losers. We would expect Tencent to emerge as a winner, given its more open platform versus peers, its conservative approach to monetising its various verticals, and its conservative regulatory/government approach. While it is likely that Tencent's growth rate will be lower than we expected at the start of the year, we still expect above-average rates of growth to persist for many years to come.

Furthermore, Tencent's investment portfolio accounts for approximately 40% of its market cap, reducing the core business PE multiple. In addition, Naspers/Prosus also have underappreciated assets outside China, spanning classifieds, food delivery and online education. We added marginally to our Naspers/Prosus position during the quarter.

Aspen performed very strongly over the quarter. With its elevated debt now firmly under control, the focus shifted to its vaccine manufacturing capability. Aspen stands to benefit from the increased production of Covid vaccines. Should it successfully negotiate an agreement with Johnson & Johnson to produce its vaccine on a first party basis, rather than as a contract manufacturer, this will add material upside to its manufacturing profitability. Aspen is also in talks to sell its Heparin API business, which should improve its working capital position going forward.

Anheuser Busch is a new position. The share has been weak, and the valuation now offers attractive upside. Anheuser Busch has a new CEO in Michel Doukeris. Doukeris previously held the role of CEO of North America at the group. He is credited with improving the region's fortunes, in part by investing in new brands and driving premiumisation. This is something the broader group has been accused of lacking and, we believe, will be a focal point for him. We believe the market is placing undue focus on short-term headwinds, such as input cost pressures from higher soft commodity and can prices. We believe Anheuser is a group with pricing power and will be able to claw back any lost margin over time. We sold our Woolworths holding for Anheuser, as the Woolworths share price has performed well and offers a lower margin of safety now.

On the domestic front, the news was mixed. As is often the case in South Africa, what the one hand gives, the other takes away. We saw very favourable policy announcements early in the quarter. Firstly, the announced sale of SAA to a credible player. This should see it no longer being a continued drain on the fiscus. Telkom provides a shining example of the potential success of an SOE being well run, in private hands. Secondly, the President's announcement lifting the limit for companies to generate electricity without a license from 1MW to 100MW has the potential to generate meaningful investment into the energy sector, help with South Africa's carbon transition and help stave off load shedding, which has been a massive headwind to sustained growth. In both cases, execution will be key, but it is pleasing to see government shift its stance on so-called "red lines".

Sadly, the above two announcements were overshadowed by the looting that took place in KZN and Gauteng in the wake of our former President's imprisonment. The cost has been massive, and the impact will be felt for a long time to come. Aside from the direct cost to business and employment, the longer-term impact is likely to be felt by lower investment into South Africa. It also increases pressure on the Treasury for higher wages and a Basic Income Grant. This comes at a time when Treasury was making headway in reining in government spending and debt quantum.

This, coupled with the slow pace of reform (spectrum; challenging the court ruling on Once Empowered) and the decline in key commodity prices (PGMs, iron ore), poses headwinds to SA growth and SA consumer spend.

The Fund remains relatively defensively positioned in South African economically-exposed counters. Our holdings span the banks, life insurers and food retailers. During the quarter, we sold out of FirstRand as its margin of safety reduced and initiated a new position in DisChem.

A large number of independent pharmacies dominates the pharmacy market. Over time, this has been shifting towards the formal pharmacy players, led by Clicks and DisChem. We expect this trend to continue, providing the formal pharmacy players with many years of strong store rollout opportunities. This is expected to drive continued strong topline growth. In addition, we believe DisChem's operating margin is currently at a depressed level owing to meaningful investment into the business, which should pay off in years to come. The combination of strong topline growth and margin improvement should drive earnings growth in the teens for years to come.

We continue to find attractive opportunities across the breadth of the market – mining stocks, global businesses that happened to be listed here, and pure SA-exposed stocks. We believe this sets the Fund up well for prospective returns in the coming years.

Portfolio managers
Neville Chester and Nicholas Stein
as at 30 September 2021

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IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION TOP 20 FUND

The Top 20 Fund should be considered a long-term investment. The value of units may go down as well as up, and therefore Coronation does not make any guarantees with respect to the protection of capital or returns. Past performance is not necessarily an indication of future performance. Asset allocation and top 10 holdings are reflected on a look-through basis. Coronation Management Company (RF) (Pty) Ltd is a Collective Investment Schemes Manager approved by the Financial Sector Conduct Authority in terms of the Collective Investment Schemes Control Act. Portfolio managed by Coronation Asset Management (Pty) (FSP 548) Ltd, an authorised financial services provider. The Management Company reserves the right to close the fund to new investors if we deem it necessary to limit further inflows in order for it to be managed in accordance with its mandate. Unit trusts are allowed to engage in scrip lending and borrowing. Standard Chartered has been appointed as trustees for the fund (www.sc.com/za; 011-2176600). Coronation is a full member of the Association for Savings & Investment SA (ASISA).

HOW ARE UNITS PRICED AND AT WHICH PRICE WILL MY TRANSACTION BE EXECUTED?

Unit trusts are traded at ruling prices set on every trading day. Fund valuations take place at approximately 15h00 each business day, except at month end when the valuation is performed at approximately 17h00 (JSE market close) and forward pricing is used. Instructions must reach the Management Company before 14h00 (12h00 for the Money Market Fund) to ensure same day value. The payment of withdrawals may be delayed in extraordinary circumstances, when the manager with the consent of the fund trustees deem this to be in the interest of all fund investors. These circumstances may include periods when significant underlying markets suspend trading which will prevent accurate valuation of the instruments held in the fund. When the suspension of trading relates to only certain assets held by the fund, these assets may be side-pocketed. This process allows normal liquidity on the assets that can be valued, but will delay liquidity on the affected portion of the fund. If the fund is faced with excessive withdrawals, the affected withdrawals may be ring-fenced, which is the separation and delayed sale of the assets reflecting the interest of the liquidity seeking investors. It ensures that the sale of a large number of units will not force Coronation to sell the underlying investments in a manner that may have a negative impact on remaining investors of the fund.

HOW WAS THE PERFORMANCE INFORMATION INCLUDED IN THIS FACT SHEET CALCULATED?

Performance is calculated by Coronation as at the last day of the month for a lump sum investment using Class A NAV prices with income distributions reinvested. All underlying price and distribution data is sourced from Morningstar. Performance figures are quoted after the deduction of all costs (including manager fees and trading costs) incurred within the fund. Note that individual investor performance may differ as a result of the actual investment date, the date of reinvestment of distributions and dividend withholding tax, where applicable. Annualised performance figures represent the geometric average return earned by the fund over the given time period. Unannualised performance represents the total return earned by the fund over the given time period, expressed as a percentage.

From 1 April 2021 to 31 March 2022, the lowest of the performance-related fee calculated using CAPI or C-SWIX as the benchmark will be accrued daily. From 1 April 2022, only the performance fee calculated using C-SWIX as the benchmark will apply.

HOW ARE THE BENCHMARK RETURNS CALCULATED?

From 1 April 2021 the fund's benchmark is the FTSE/JSE Capped Shareholders Weighted All Share Index which replaces the FTSE/JSE Capped All Share Index. The benchmark returns shown in this MDD will be spliced between the previously applicable index values (includes the Top 40 Index up to 30 September 2015 and CAPI up to 31 March 2021) and the new index returns from 1 April 2021.

Note that we use the formal SA – Equity – General category benchmark as specified in the ASISA Standard on Fund Classification, which is currently the FSTE/JSE All Share Index, for compliance monitoring purposes.

WHAT IS THE TOTAL EXPENSE RATIO (TER) AND TRANSACTION COSTS (TC)?

TER is calculated as a percentage of the average net asset value of the portfolio incurred as charges, levies and fees in the management of the portfolio. The TER charged by any underlying fund held as part of a fund's portfolio is included in the fund expenses portion of the TER, but trading and implementation costs incurred in managing the fund are excluded. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's. The 1 year TER is for the 12 months to end of the current financial year (updated annually). The 3 year TER is for a rolling 36-month period to the last quarter end (December, March, June and September).

Transaction costs are a necessary cost in managing a fund and impacts the fund's return. They should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of fund, the investment decisions of the investment manager and the TER.

The Total Investment Charge is the sum of the Total Expense Ratio (TER) and transaction costs.

ADVICE AND PLATFORM COSTS

Coronation does not provide financial advice. If you appoint an adviser, advice fees are contracted directly between you and the adviser. For more information please contact the relevant platform (Linked Investment Service Provider or Life Assurance Provider).

WHERE CAN I FIND ADDITIONAL INFORMATION?

Additional information such as daily fund prices, brochures, application forms and a schedule of fund fees and charges is available on our website, www.coronation.com

IMPORTANT INFORMATION REGARDING TERMS OF USE

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